

And our defensive programs must also recognize that as the horrific events of September 11 too well illustrated, missile defense is a response to but one of the WMD threats that the United States faces in today's world—and perhaps the least of these threats at that.

Indeed, a breakdown of the "threat spectrum" produced by the Joint Chiefs of Staff earlier this year lists a missile attack as having the lowest "probability of occurrence" in the threat spectrum.

In fact, as a member of the Senate Committee on Intelligence, I have had an opportunity to discuss WMD threat assessments with members of our intelligence community. Although the threat of a ballistic missile attack from a rogue nation is certainly a concern, they are far more concerned about the threat that a "suitcase" bomb or a bomb hidden on a ship may pose. Needless to say, NMD does nothing to address these threats.

A balanced approach to national security therefore suggests that it is only prudent for the United States to conduct a limited testing program to develop missile defense technology so that if, at some point in the future, it is necessary we will have appropriate options. And yes, the ABM Treaty may need to be modified or amended to enable us to respond to new threats.

But it would be folly to place too much of an emphasis on missile defense, to simply and unilaterally develop and deploy NMD, and to abandon the treaty, before we even know what defensive systems are feasible, which systems best meet our needs, and well before any sensible development or testing program needs to bump up to treaty limits.

The unilateral U.S. pursuit of NMD is likely to create a less stable world, with more nations pursuing weapons of mass destruction, and without the constraints of international arms control agreement.

It strikes me as a big gamble to develop a national security strategy on one hand which seems intent on cultivating a missile defense system of unknown effectiveness, and a less stable and less secure world on the other.

I look forward to the opportunity to debate these issues on the floor with my colleagues at an appropriate time.

By Mr. ENZI (for himself, Mr. DORGAN, Mrs. HUTCHISON, Mr. KERRY, Mr. THOMAS, Mr. GRAHAM, Mr. VOINOVICH, and Mr. HUTCHINSON):

S. 1567. A bill to foster innovation and technological advancement in the development of the Internet and electronic commerce, and to assist the States in simplifying their sales and use taxes; to the Committee on Commerce, Science, and Transportation.

Mr. ENZI. Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1567

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. SHORT TITLE.

This Act may be cited as the "Internet Tax Moratorium and Equity Act".

#### SEC. 2. FINDINGS.

Congress makes the following findings:

(1) The moratorium of the Internet Tax Freedom Act on new taxes on Internet access and on multiple and discriminatory taxes on electronic commerce should be extended.

(2) States should be encouraged to simplify their sales and use tax systems.

(3) As a matter of economic policy and basic fairness, similar sales transactions should be treated equally, without regard to the manner in which sales are transacted, whether in person, through the mails, over the telephone, on the Internet, or by other means.

(4) Congress may facilitate such equal taxation consistent with the United States Supreme Court's decision in *Quill Corp. v. North Dakota*.

(5) States that adequately simplify their tax systems should be authorized to correct the present inequities in taxation through requiring sellers to collect taxes on sales of goods or services delivered in-state, without regard to the location of the seller.

(6) The States have experience, expertise, and a vital interest in the collection of sales and use taxes, and thus should take the lead in developing and implementing sales and use tax collection systems that are fair, efficient, and non-discriminatory in their application and that will simplify the process for both sellers and buyers.

(7) Online consumer privacy is of paramount importance to the growth of electronic commerce and must be protected.

#### SEC. 3. EXTENSION OF INTERNET TAX FREEDOM ACT MORATORIUM.

Section 1101(a) of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended to read as follows:

"(a) MORATORIUM.—No State or political subdivision thereof shall impose—

"(1) any taxes on Internet access during the period beginning after September 30, 1998, unless such a tax was generally imposed and actually enforced prior to October 1, 1998; and

"(2) multiple or discriminatory taxes on electronic commerce during the period beginning on October 1, 1998, and ending on December 31, 2005."

#### SEC. 4. INTERNET TAX FREEDOM ACT DEFINITIONS.

(a) INTERNET ACCESS SERVICES.—Section 1104 of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by adding at the end the following new paragraph:

"(11) INTERNET ACCESS SERVICES.—The term 'Internet access services' means services that combine computer processing, information storage, protocol conversion, and routing with transmission to enable users to access Internet content and services. Such term does not include receipt of such content or services."

(b) INTERNET ACCESS.—Section 1104(5) of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking "telecommunications services" and inserting "telecommunications services generally, but does include wireless web access services used to enable users to access content, information, electronic mail, or other services offered over the Internet, including any comparable package of services offered to users."

(c) TELECOMMUNICATIONS SERVICES.—Section 1104(9) of the Internet Tax Freedom Act (47 U.S.C. 151 note) is amended by striking "and includes communications services (as

defined in section 4251 of the Internal Revenue Code of 1986)".

(d) WIRELESS WEB ACCESS SERVICES.—Section 1104 of the Internet Tax Freedom Act (47 U.S.C. 151 note), as amended by subsection (a), is amended by adding at the end the following new paragraph:

"(12) WIRELESS WEB ACCESS SERVICES.—The term 'wireless web access services' means commercial mobile services (as defined in section 332(d)(1) of Communications Act of 1934 (47 U.S.C. 332(d)(1)), multi-channel, multi-point distribution services, or any wireless telecommunications services used to access the Internet."

#### SEC. 5. STREAMLINED SALES AND USE TAX SYSTEM.

(a) DEVELOPMENT OF STREAMLINED SYSTEM.—It is the sense of Congress that States and localities should work together to develop a streamlined sales and use tax system that addresses the following in the context of remote sales:

(1) A centralized, one-stop, multi-state reporting, submission, and payment system for sellers.

(2) Uniform definitions for goods or services, the sale of which may, by State action, be included in the tax base.

(3) Uniform rules for attributing transactions to particular taxing jurisdictions.

(4) Uniform procedures for—

(A) the treatment of purchasers exempt from sales and use taxes; and

(B) relief from liability for sellers that rely on such State procedures.

(5) Uniform procedures for the certification of software that sellers rely on to determine sales and use tax rates and taxability.

(6) A uniform format for tax returns and remittance forms.

(7) Consistent electronic filing and remittance methods.

(8) State administration of all State and local sales and use taxes.

(9) Uniform audit procedures, including a provision giving a seller the option to be subject to no more than a single audit per year using those procedures; except that if the seller does not comply with the procedures to elect a single audit, any State can conduct an audit using those procedures.

(10) Reasonable compensation for tax collection by sellers.

(11) Exemption from use tax collection requirements for remote sellers falling below a de minimis threshold of \$5,000,000 in gross annual sales.

(12) Appropriate protections for consumer privacy.

(13) Such other features that the States deem warranted to promote simplicity, uniformity, neutrality, efficiency, and fairness.

(b) STUDY.—It is the sense of Congress that a joint, comprehensive study should be commissioned by State and local governments and the business community to determine the cost to all sellers of collecting and remitting State and local sales and use taxes on sales made by sellers under the law as in effect on the date of enactment of this Act and under the system described in subsection (a) to assist in determining what constitutes reasonable compensation.

#### SEC. 6. INTERSTATE SALES AND USE TAX COMPACT.

(a) AUTHORIZATION.—In general, the States are authorized to enter into an Interstate Sales and Use Tax Compact. The Compact shall describe a uniform, streamlined sales and use tax system consistent with section 5(a), and shall provide that States joining the Compact must adopt that system.

(b) EXPIRATION.—The authorization in subsection (a) shall expire if the Compact has not been formed before January 1, 2005.

(c) CONGRESSIONAL APPROVAL OF COMPACT.—